

Article - Business Regulation

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§7-304.

(a) With an application for a new license, an applicant shall file a surety bond with the Board.

(b) The bond shall run to the Board, as obligee, for the benefit of:

(1) the State; and

(2) any member of the public who has a loss or other damage as a result of a violation of this title or the Maryland Consumer Debt Collection Act by the applicant or an agent or employee of the applicant.

(c) The bond shall be:

(1) in the amount of \$5,000;

(2) issued by a surety company that:

(i) is authorized to do business in the State; and

(ii) holds a certificate of authority issued by the Maryland Insurance Commissioner; and

(3) conditioned that the licensee shall comply with the Maryland Consumer Debt Collection Act and any other laws applicable to consumer debt collection.

(d) The liability of the surety:

(1) shall be continuous;

(2) may not be aggregated or cumulative, whether or not the bond is renewed, continued, replaced, or modified;

(3) may not be determined by adding together the penal sum of the bond, or any part of the penal sum of the bond, in existence at any two or more points in time;

(4) shall be considered to be one continuous obligation, regardless of increases or decreases in the penal sum of the bond;

(5) may not be affected by:

(i) the insolvency or bankruptcy of the licensee;

(ii) any misrepresentation, breach of warranty, failure to pay a premium, or any other act or omission of the licensee or an agent of the licensee; or

(iii) the suspension of the licensee's license;

(6) may not require an administrative enforcement action by the Board as a prerequisite to liability; and

(7) shall continue for 3 years after the later of the date on which:

(i) the bond is canceled; or

(ii) the licensee, for any reason, ceases to be licensed.

(e) (1) A bond may be canceled by the surety or the licensee by giving notice of cancellation to the Board.

(2) Notice under paragraph (1) of this subsection shall:

(i) be in writing; and

(ii) be sent by certified mail, return receipt requested.

(3) A cancellation of a bond under this paragraph is not effective until 90 days after receipt of a notice of cancellation by the Board.

(f) A claim against the bond may be filed with the surety by:

(1) a claimant; or

(2) the Board for the benefit of a claimant or the State.

(g) If the amount of claims against a bond exceeds the amount of the bond, the surety:

(1) shall pay the amount of the bond to the Board for pro rata distribution to claimants; and

(2) is relieved of liability under the bond.

(h) If the penal amount of the bond is reduced by payment of a claim or judgment, the licensee shall file a new or additional bond with the Board.

(i) A penalty imposed against a licensee under § 7–205(b) of this title may be collected and paid from the proceeds of a bond required under this subsection.

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